



Advisory Committee on International Postal and Delivery Services

(9:00 am-4:20 pm on September 29, 2014, American Institute of Architects Board Room,
1735 New York Avenue, NW, Washington, DC, 20037)

Committee Members in Attendance

- Jean-Philippe Ducasse- JP Ducasse Consulting
- Charles Prescott- UPU Consultative Committee; Global Address Data Association
- Gene Del Polito- President, Association for Postal Commerce
- Nancy Sparks- FedEx
- James Campbell- Self-Employed Consultant
- Louis F. Haber- Darlington Postal Company
- Michael Mullen- Express Association of America
- Robert Reisner- Transformation Strategy, Inc.
- Don Soifer- Lexington Institute
- Norman Schenk- United Parcel Service
- Arthur Porwick- U.S. Chamber of Commerce
- Merry Law- WorldVu LLC
- Rodolfo Wolniewitz- DHL Global Mail
- John Callan- Ursa Major Associates
- Sue Presti- The International Air Cargo Association
- Stephen Simchak- American Insurance Association
- Usman Ahmed- ebay inc.

- Bruce Harsh- U.S. Department of Commerce
- Lea Emerson- United States Postal Service
- Ann Fisher- Postal Regulatory Commission

Designated Federal Officer

- Joseph P. Murphy- Department of State

Introductions (agenda item 1)

Joseph Murphy, Chief, International Postal Policy Unit, Office of Specialized and Technical Agencies, Bureau of International Organization Affairs (IO/STA), U.S. Department of State, opened the meeting in his capacity as Designated Federal Officer (DFO) for the Advisory Committee on International Postal and Delivery Services (IPoDS). Mr. Murphy reported that as of August 25, 2014, he was officially named the DFO of the IPoDS Advisory Committee by Acting Assistant Secretary of State for International Organization Affairs Dean Pittman. He introduced Shereece Robinson as the new Administrative Assistant for International Postal Affairs in IO/STA replacing Helen Grove. In addition, Mr. Murphy also recognized the Committee's three new members: John Callan, Stephen Simchak and Gene Del Polito, who had been named by Mr. Pittman since the Committee's last meeting.

Update on International Postal Events (agenda item 2)

Mr. Murphy asked Lea Emerson of the United States Postal Service (USPS) to give an update on international postal events and developments. Ms. Emerson informed the Committee that the Universal Postal Union (UPU) Strategy Conference scheduled for October 14-15, 2014, in Abidjan, Cote d'Ivoire was cancelled in early September because of a low number of registrations likely due to the Ebola crisis in the region. Ms. Emerson reported on the 2014 meetings of the Postal Union of Americas, Spain and Portugal and the Caribbean Postal Union and offered an overview of the April 2014 UPU Postal Operations Council (POC) meeting in Bern where:

- All 40 POC members attended
- 148 countries were represented, as were major stakeholder groups
- 60 meetings took place over the two-week session
- 54 proposals were voted on
- 38 amendments to the Letter and Parcel Post Regulations were adopted on a range of issues, including postal operations, accounting and security, all of which will take effect on January 1, 2015
- Resolutions were adopted on accelerating work on e-commerce, quality of service standards and targets, performance requirements for inward land rates bonus payments, and the development of postal financial services
- Forums were held on e-commerce and postal financial services, reports of which can be found on the UPU website.

Issues Raised by Committee Members (agenda item 3)

Mr. Murphy then moved to the main order of business. He explained that many posts, especially in the developing world, see e-commerce as an important way to promote economic growth for the broader economy and as an important opportunity for themselves. Consequently, it will be the focus of a great deal of activity at the UPU in coming years. Murphy introduced James Campbell as the day's presenter and invited Norman Schenk to give an overview of the differences in customs treatment of mail and cargo from the perspective of the express delivery industry.

Mr. Schenk highlighted the importance of security in today's cross-border delivery environment, noting that customs screening also had important consumer safety functions and could involve screening out fake airbags and fake pharmaceuticals, for example, in addition to more traditional IPR-related concerns. The best way to tackle fraudulent goods issues, he said, would be to do prior coordinated risk assessments using advance electronic information. He noted that U.S. Customs and Border Protection (CBP) is working with USPS to improve these areas and that there is a pilot program at JFK International Airport, which is limited to express mail. (Note: the Private Sector Customs Process Chart included in the documents list for this meeting is a corrected version of the chart Mr. Schenk utilized during his presentation. End note.)

Mr. Murphy asked a representative from CBP in attendance, Robert Woods, to comment on the chart presented by Mr. Schenk. Mr. Woods stated that the presentation appeared to be generally accurate. Mr. Schenk asked Mr. Woods if he agreed with what he had characterized as the absence of advanced electronic data for inbound mail items. Mr. Woods said yes, this data is currently lacking, but noted CBP work with USPS on a pilot with France through which they are receiving data now.

Mr. Murphy asked the U.S. Postal Service representative for any comments. Ms. Emerson replied that she saw what she believed to be inaccuracies on the chart and that she would consult with USPS Security and Export Compliance experts and provide the appropriate corrections and clarifications to the postal customs process.

Ms. Presti commented that Mr. Schenk's chart is geared toward the express side of shipments and that we should keep the broader international cargo shipment industry in view. She noted that the express portion of the industry is farthest along in terms of providing advance data and is the most sophisticated and integrated segment. Nevertheless, she observed, advance data requirements are anticipated for the entire industry.

Mr. Campbell was then invited to provide an introduction and overview of proposals developed by him in cooperation with Nancy Sparks and Norman Schenk, which he hoped the Committee would endorse for the State Department's consideration as U.S. proposals for the 2016 UPU Istanbul Congress. Mr. Campbell's presentation focused on what he regards as problems with prevailing arrangements in the areas of customs treatment of mail, terminal dues, and the structure of the UPU, as well as possible solutions. He explained that all figures and percentages in his presentations are based on his own estimations unless otherwise indicated. (Note: the PowerPoint slides employed for Mr. Campbell's introduction to his proposals and for his presentations on each of the three subjects, as well as his specific proposals, can be found in the documents list for this meeting. End note.)

After a short break, Mr. Campbell presented his customs proposals. He proposed that the U.S. should advance two Customs-related proposals at the next UPU Congress: (1) an amendment to the Convention that would require industrialized countries to apply similar customs procedures to similar shipments received from other industrialized countries and permit non-discriminatory customs treatment in other limited circumstances; and (2) a Congress resolution that would commit the UPU to work with the World Customs Organization to develop a plan, for consideration by the 2020 UPU Congress, to implement non-discriminatory customs procedures for packages on a global basis. He pointed out that the biggest difference between private delivery services and postal services in regards to customs is the requirement for advanced data on shipments.

In the discussion that followed, CBP's Woods agreed with the overall thrust of the presentation. With regard to advance data, Ms. Emerson responded that USPS is working with a number of countries on advance electronic customs data exchange. Several Committee members had questions for Ms. Emerson on USPS views. She noted, however, that since Mr. Campbell's presentation was not available until shortly before the Committee meeting, she was not in a position to provide detailed comments at that time.

Mr. Murphy then asked the Committee if it believed that these proposals were going in the right direction or had fundamental problems and, if there were problems, could we work on them and move forward or do we need to take them off the table? He then asked each member to respond individually.

Responses:

- Mr. Ducasse agreed with the objective but wanted to see additional detailed reactions from USPS.
- Mr. Prescott characterized the proposals as very positive developments.
- Mr. Del Polito and Ms. Sparks said they felt the proposals had merit.
- Mr. Haber commented that the proposals point to the need for collaboration with the World Customs Organization (WCO) to define fair balance, but offered general support.
- Ms. Fisher prefaced her comments by noting that the Postal Regulatory Commission (PRC) does not have jurisdiction over the issues the customs proposals address, but stated that she did think they merit further consideration.
- Mr. Harsh called the issues highlighted “very valid.”
- Mr. Soifer observed that it is good to break up policy and politics, and said the proposals are worthy of consideration.
- Mr. Callan expressed the view that the proposals are headed in the right direction.
- Mr. Reisner welcomed the discussion and said that it would be valuable to continue it, although it needs to be broadened.
- Ms. Law said she thought consideration of the proposals should move forward.
- Mr. Porwick also felt that the proposals had merit and need to be discussed.
- Mr. Mullen strongly supported the proposals and felt it was valuable to recognize the differences between developing and industrialized countries.
- Ms. Presti strongly agreed on the need to give the proposals further consideration.

After a break for lunch, Mr. Campbell continued his presentation by outlining his proposals on terminal dues and inward land rates. He proposed that the U.S. should advance three terminal dues-related proposals at the next UPU Congress: (1) an amendment to the Convention that would establish a country specific system of charges for delivery of postal shipments conveyed between industrialized countries; (2) an amendment to the Convention that would establish objective limits on abuse of preferential terminal dues intended to benefit citizens of developing countries; and (3) a Congress resolution that would commit the UPU to develop a plan, for consideration by the 2020 UPU Congress, to implement a global country specific remuneration system. The detailed presentation elicited several clarifying questions from Committee members but relatively little discussion. Members agreed to further consider the proposals after having a chance to reflect on them in light of comments USPS and CBP agreed to provide and the publication of a study commissioned by the PRC on the effects of the terminal dues system on competition.

Mr. Campbell then concluded by outlining a final group of proposals related to reform of the UPU. He proposed that the U.S. should advance three proposals of an institutional nature at the next UPU Congress: (1) an amendment to the Convention that would define the authority of the Postal Operations Council to adopt Regulations implementing the Convention; (2) an

amendment to the Convention that would adopt the more flexible reservation procedures of the International Telecommunication Union; and (3) a Congress resolution that would appoint a High Level Group of independent, governmental officials from major UPU countries to develop, for consideration by the 2020 UPU Congress, a plan to restructure the Union to provide complete governmental and commercial functions. The Committee welcomed the proposals, which it saw as consistent with the Postal Accountability and Enhancement Act and as helping to remedy what some described as the improper exercise of governmental authority by Designated Operators acting through the Postal Operations Council. The Committee endorsed Mr. Campbell's proposals and recommended them to the State Department for its consideration.

Upcoming UPU Meetings and Other Business (agenda items 4 and 5)

Mr. Murphy provided a quick overview of the extraordinary Postal Operations Council meeting and the regular Council of Administration meeting planned for October 27-November 14 in Bern, Switzerland. Committee members were provided with plenary agendas for both meetings. Mr. Murphy informed the Committee that the U.S. had put forward a proposal for consideration in Committee 2 of the Council of Administration on member state access to internal audit reports. He explained that this transparency measure was the United States' highest priority for this round of UPU meetings, since the issue threatened to trigger a statutory withholding provision affecting our UPU membership contributions. Mr. Prescott outlined two projects of importance to his association that would be discussed in Bern: hybrid mail via top-line domain (i.e. .post) and private sector movement on the idea of addressing the flap (reverse) side of envelopes.

Jessica Raines from the USPS Office of Inspector General (OIG) highlighted a forum that the OIG had organized with the UPU on "The Internet of Postal Things" that would take place during the Council of Administration meeting. She explained that this forum is a part of the ongoing research collaboration between the OIG and UPU.

Under "Other Business," the Committee also noted a document received from a member of the public, Dennis Delehanty, reflecting on the Committee's past and future. (Note: Mr. Delehanty's submission can be accessed from the document list for this meeting.)

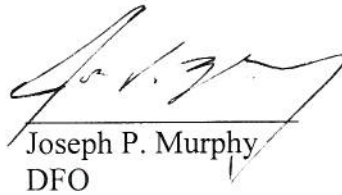
Wrap-up

Committee members endorsed Mr. Murphy's suggestion to meet more frequently. He summarized the day's proceedings as follows: (1) The Committee greatly benefitted from the detailed preparations Mr. Campbell had made, which allowed it to carefully consider his proposals in three areas: customs treatment of mail and similar items handled by private industry, terminal dues, and reform of the UPU. (2) The Committee had clearly indicated its strong desire to further study the customs proposals Mr. Campbell had prepared. To facilitate this study, USPS and CBP were both asked to provide written comments on Mr. Schenk's and Mr. Campbell's presentations respectively. Mr. Murphy expressed the view that the most expeditious way forward might be to form a working group or sub-committee on customs issues. Committee members agreed. (3) Committee members agreed that further consideration of the Mr. Campbell's terminal dues proposals should await publication of the forthcoming PRC study and

written comments on the proposals and presentation from USPS. The Committee also agreed to Mr. Campbell's request to authorize establishment of a working group or sub-committee on terminal dues, if needed. Since the Committee had endorsed Mr. Campbell's proposals for the reform of the UPU, the Department of State will accept them as Committee recommendations and refer them for interagency consideration.

After noting that further movement on the issues considered would have to wait until the conclusion of the UPU meetings in mid-November. Mr. Murphy adjourned the meeting at 4:20 p.m.

Certified: 1/8/2015



Joseph P. Murphy
DFO